

## FOR INFORMATION

This document updates the GAVI Alliance Board on the goals, role and progress of GAVI's Innovative Finance team. It outlines the structure and achievements of GAVI's two existing landmark Innovative Finance mechanisms, IFFIm and the AMC, and describes the process of generating a pipeline of new promising Innovative Finance mechanisms.

This document is for the Board's information only.

### Innovative Finance Update

#### 1. Background and context of Innovative Finance

##### *What is Innovative Finance?*

- 1.1 For GAVI, Innovative Finance is about resource mobilisation or “more money for health”. It also is about securing “more health for money” by ensuring more efficient utilisation of resources.
- 1.2 GAVI's Innovative Finance efforts develop mechanisms that fulfil three central objectives:
  - 1.2.1 **Additionality:** Innovative Finance seeks to find new mechanisms to generate additional funds for immunisation through obtaining more funding from existing donors or through accessing new sources of funding.
  - 1.2.2 **Efficiency:** Innovative Finance creates mechanisms that are financially and operationally efficient by securing predictable, significant and sustainable revenue streams and by minimising transactions costs involved.
  - 1.2.3 **Effectiveness:** Innovative Finance links financing mechanisms to results, aiming to increase the development impact for each dollar spent and thus the effectiveness of funds raised.
- 1.3 In addition, some Innovative Finance mechanisms have the ability to contribute to the increased participation in and ownership of global health goals by constituencies such as citizen-consumers or corporations.

##### *How does Innovative Finance contribute to achieving GAVI's mission?*

- 1.4 The significance of Innovative Finance as a funding approach has grown considerably over the last decade. Indications are that this trend will persist, if not accelerate, as donors and programme sponsors seek more efficient ways to provide support, and as development organisations devise solutions to fill funding gaps. The investor base for financial instruments whose proceeds are mobilised for specific development objectives is also increasing and is

## FOR INFORMATION

expected to play a role of growing importance as a funding source. Given this landscape, it will be important for GAVI to continue to be a leader in Innovative Finance to ensure that these funding flows are available to support GAVI's mission.

- 1.5 Therefore, GAVI's Innovative Finance team has a role that ranges from being an internal think tank, to concept developer, and then to implementer of Innovative Finance mechanisms. The Innovative Finance team works with other GAVI teams as well as external partners in the GAVI Alliance and beyond to research, develop and implement Innovative Finance mechanisms that raise additional resources from existing and new donors, including the private sector and individuals. These mechanisms aim to increase visibility and predictability of funding for GAVI, generate more flexible funding, and help increase GAVI's impact per dollar spent.
- 1.6 In the context of GAVI's 2011-15 Strategy and Business Plan, Innovative Finance primarily addresses GAVI's Strategic Goals 3 and 4 on securing predictable sources of funding and shaping vaccine markets, respectively. To meet Strategic Goal 3, the Innovative Finance team will work closely with the Programme Funding team of the External Relations Office (ERO) to engage donors' interest in exploring and advancing new financing instruments. Where Strategic Goal 4 is concerned, the Innovative Finance team will support the Policy & Performance team as they seek to develop approaches to shape vaccine markets.
- 1.7 In order to maintain existing support to GAVI countries and to finance the new pneumococcal and rotavirus vaccines, GAVI has an additional funding challenge of approximately US\$3.7 billion between now and 2015. While Innovative Finance will not address all of GAVI's financing needs, it will play a critical role in supplementing traditional resource mobilisation efforts by generating financing opportunities with both existing and new sources of funding. GAVI's internal target is for Innovative Finance to contribute a total of US\$1.5 billion to GAVI's funding in the period to December 2015<sup>1</sup>. In the long run, the objective is for Innovative Finance funding streams to consistently represent 15-25% of GAVI's overall funding sources.
- 1.8 The key objectives of the Innovative Finance strategy over the next two years, as far as resource mobilisation is concerned, are to help GAVI address its funding challenge to 2015, to assist GAVI in accessing longer-term funding, and to diversify GAVI's funding sources. As part of this work, a set of funding options will be developed, to give donors and partners choices that best meet their own requirements and interests while supporting GAVI. In 2011-12, GAVI will work with donors to grow and enhance IFFIm, seek to participate in sovereign-led Innovative Finance Initiatives, and explore private sector and public-private partnership Innovative Finance initiatives. To achieve these objectives, the Innovative Finance team will work closely with other GAVI teams primarily responsible for executing specific duties, such as the

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<sup>1</sup> Excludes AMC contributions

## FOR INFORMATION

Programme Funding team for sovereign donor relations and Policy & Performance for implementation and management of the AMC.

### 2. GAVI's Innovative Finance team

*What are the Innovative Finance team's functions?*

2.1 The Innovative Finance (IF) team's four primary functions are to:

**2.1.1 Develop and deploy Innovative Finance mechanisms and encourage sovereign-led initiatives**

The IF team will be primarily responsible for the development and implementation of new Innovative Finance mechanisms, drawing on the expertise and support of many parts of the GAVI Secretariat to achieve this goal. Where governments propose Innovative Finance initiatives, the IF team, along with the broader GAVI Secretariat, will encourage government initiatives and position GAVI as an advocate as well as a primary potential recipient of these initiatives.

**2.1.2 Manage IFFIm**

The IF team is responsible for the delivery of GAVI's capital markets-related services to IFFIm and for the coordination of GAVI's other services to IFFIm. The team is also responsible for the important task of coordinating the communications amongst IFFIm board members, GAVI and IFFIm donors.

**2.1.3 Act as an internal think tank**

The IF team will also be an internal think tank within GAVI, where new Innovative Finance ideas will be analysed and evaluated through discussions with, and constant outreach to, other thought leaders in the field of Innovative Finance, ranging from financial and multilateral institutions to NGOs, corporations and academia.

**2.1.4 Enhance products**

The IF team will build on GAVI's existing efforts in Innovative Finance, including the possible expansion of IFFIm and other initiatives as they develop.

The team, in coordination with other GAVI teams, will have a donor-centric approach to ensure that high-potential donors' needs and objectives are addressed and catered to – in a manner consistent with GAVI's fundamental business model. This approach will provide donors with full visibility of the range of their options and ensure that they engage with Innovative Finance professionals within the organisation when appropriate. When developing new products, the IF team will be sensitive to and seek to minimise any additional requirements or obligations that will be imposed on developing countries as a result of these new initiatives.

## FOR INFORMATION

### 2.2 The Innovative Finance team's additional roles are to:

#### 2.2.1 **Serve as a focal point**

The team is the focal point for GAVI's relationships with the board of directors of IFFIm, the Treasury of the World Bank, the Concessional Finance and Global Partnerships Vice-Presidency of the World Bank, the Leading Group on Innovative Financing for Development, the Special Adviser to the UN Secretary-General on Innovative Financing for Development and other relevant entities focused primarily on Innovative Finance. It is also the focal point for GAVI's Innovative Finance-related interactions with all stakeholders, including the Bill and Melinda Gates Foundation (BMGF), ensuring that this is done in close collaboration with GAVI ERO.

#### 2.2.2 **Manage Innovative Finance outreach and communications**

The IF team is responsible for outreach to support the adoption of new Innovative Finance programmes to relevant constituencies, including the capital markets, think tanks, donors, country partners, other players in the global health space and the UN.

The IF team, alongside other GAVI teams, works with government donors and other relevant stakeholders to favourably position GAVI as a beneficiary of sovereign-led Innovative Finance mechanisms.

The IF team is also responsible for providing the Innovative Finance content of the GAVI Alliance website and the GAVI intranet as well as the content of the IFFIm website, to GAVI's Media and Communications team.

#### 2.2.3 **Leverage the GAVI Alliance partners**

As in all of GAVI's activities, the Alliance partners play an important role in Innovative Finance. The World Bank, many donor countries, BMGF and other partners have been, and continue to be, involved in the conceptualisation, promotion and implementation of IFFIm, the AMC and new Innovative Finance mechanisms to support GAVI.

### 3. GAVI's Innovative Finance track record

#### *What are the existing Innovative Finance instruments?*

- 3.1 The Innovative Finance team at GAVI was established in 2010 to provide focused resources to further harness the potential of Innovative Finance mechanisms to help GAVI fulfil its mission. However, Innovative Finance instruments have long been an integral part of GAVI's business model. The GAVI Alliance has successfully pioneered two landmark Innovative Finance mechanisms: the International Finance Facility for Immunisation (IFFIm) and the Advance Market Commitment (AMC) for pneumococcal disease.

## FOR INFORMATION

- 3.2 IFFIm, launched in 2006, converts long-term government commitments into immediately-available cash resources by issuing AAA-rated bonds against these commitments in the capital markets. The AMC for pneumococcal disease, established in 2009, accelerates the development and manufacturing of pneumococcal vaccines for developing countries through long-term, binding agreements with vaccine manufacturers at pre-committed, affordable prices.
- 3.3 Due to the ability of these mechanisms to pool funds and permit multi-year commitments, GAVI's significant market-shaping impact on the global vaccine market has been driving down immunisation costs worldwide. Innovative Finance mechanisms have allowed GAVI to accelerate and scale up significantly the introduction of life-saving vaccines to the poorest countries in the world. Through IFFIm and the AMC, GAVI, donors and investors can make a larger impact with long-term benefits and make significant strides towards achieving the Millennium Development Goals (MDGs) and GAVI's mission. The two mechanisms have raised more than US\$7.5 billion in donor commitments<sup>2</sup> for GAVI programmes.

### 4. Progress in Innovative Finance to date

*What are recent developments in Innovative Finance at GAVI?*

- 4.1 The new post of Managing Director for Innovative Finance was filled full-time in April 2010. Since then, three additional full-time professionals have been recruited, one in mid-August and two in late October.
- 4.2 The Innovative Finance team has deepened relationships with GAVI and IFFIm board members to expand GAVI's Innovative Finance outreach efforts.
- 4.3 GAVI is already positioned as a leader in Innovative Finance for public health. Consequently, GAVI receives invitations from donors, partners and organisations to present on Innovative Finance solutions. Recently, the Innovative Finance team has participated in meetings and events hosted by organisations such as the Leading Group on Innovative Financing for Development, the planning committee for the G20 Summit in Seoul and the World Bank. In addition, the team has given presentations to the private sector including business schools, think tanks, investment banks and institutional investors. The team seeks to create new landmark mechanisms that continue to merit publicity and enhance GAVI's advocacy.

*What updates are there on current Innovative Finance mechanisms?*

#### 4.4 IFFIm

- 4.4.1 In the last couple of months, the rating agencies Standard & Poor's and Fitch have reaffirmed their AAA ratings on IFFIm bonds. More importantly, Standard & Poor's revised its outlook from negative to

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<sup>2</sup> Excludes pledges from Australia to IFFIm

## FOR INFORMATION

stable. In 2010, there have been three IFFIm bond issuances which have raised more than US\$480 million. The fourth bond issuance of the year, the first in the Australian market, is anticipated to close in the month of November.

Announced at the IFFIm board meeting on 27 October 2010, the gearing ratio limit (GRL) was increased from 66.2% to 69.7%, largely due to the improvement in the credit quality of GAVI's recipient countries. While GAVI cannot take credit for the improvement in the economic position of the countries in which it operates, one of the pillars of immunisation is that it does support economic growth. Therefore, it is comforting that this improvement is occurring. This increase in the GRL also means that IFFIm now has the potential to contribute approximately US\$100 million more to GAVI in the period to December 2015 than previously estimated.

4.4.2 Moreover, GAVI is dedicated to expanding, extending and enhancing IFFIm:

- **Expanding IFFIm:** On 23 September 2009, new pledges to IFFIm were announced at the United Nations. The United Kingdom, Norway and Australia pledged almost US\$900 million to expand IFFIm and enable substantial new investments in health systems through the GAVI Alliance. This marked the first IFFIm pledge from Australia at a value of A\$250 million. The United Kingdom pledged to commit £250 million and Norway NOK1.5 billion. Both of these grant agreements were signed in August 2010. The grant agreement with Australia is expected to be concluded in December. Taken together, these cash flows will allow IFFIm to provide in the region of US\$475 million of new funding in the period 2010-15.

The IF team, together with the IFFIm Board and the broader GAVI Secretariat, is in dialogue with potential new donors and are continually assessing how the IFFIm programme can obtain grants from new donors.

- **Extending IFFIm:** GAVI is making efforts to encourage existing donors to extend donations over additional years. For instance, suppose IFFIm donors were willing to extend their pledges to 2030<sup>3</sup>. This would represent an increase of US\$1.6 billion with a present value of around US\$750 million. This would allow the release of around US\$530 million in the period to 2015, with the remainder spread over the subsequent 15 years.
- **Enhancing IFFIm:** In addition, GAVI's Innovative Finance team is currently exploring whether the GRL can be increased, while

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<sup>3</sup> Extending pledges to 2030 would represent an extension of five years for all except Italy (equivalent extension of existing grant), Norway and Sweden (both 10 year extensions)

## FOR INFORMATION

maintaining the AAA rating, through either issuing junior tranches of bonds or through seeking partial guarantees on IFFIm bonds. With no change to the asset base of IFFIm, if the GRL was increased to 80%, this would allow the release of an additional approximately US\$200 million in the period to 2015, compared to the status quo of a 69.7% GRL. If current IFFIm donors were willing to extend their pledges to IFFIm by approximately five years each, and the GRL was increased to 80%, this would allow the release of an additional approximately US\$800 million compared to GAVI's current position.

### 4.5 AMC for pneumococcal disease

4.5.1 GAVI's Policy & Performance team has primary responsibility within GAVI for implementation and management of the AMC.

4.5.2 For an update on the Pneumococcal AMC rollout, please see the AMC Annual Report on the AMC website (<http://vaccineamc.org/AMCAnnualReport10.html>) and the AVI Progress Report.

*How is the Innovative Finance team generating a pipeline of additional promising ideas and advancing institutional efficiency at GAVI?*

4.6 The Innovative Finance team has embarked on an effort to develop a structured approach, supported by McKinsey & Company through a BMGF-funded strategy consulting project, for identifying Innovative Finance mechanisms within GAVI going forward. This project will involve two phases of work:

4.6.1 Phase I is a targeted landscape and opportunity scan to understand, in a structured and comprehensive way, the areas of opportunity. The specific aim of Phase I is to identify and prioritise potential Innovative Finance concepts to a subset of 3-5 high potential ideas for GAVI.

4.6.2 Phase II will then assess these high-potential ideas in much greater depth by developing business cases and thorough feasibility assessments. This will allow for the prioritisation of the 2-3 highest potential mechanisms that GAVI should pursue in the near term. For these 2-3 mechanisms, Phase II would further develop the implementation plan and outline the capability requirements for successful execution.

4.7 The three central outputs of this project (Phases I and II) will be:

4.7.1 An overarching strategic framework for the identification of Innovative Finance mechanisms:

- Structured approach, mapping the landscape of potential Innovative Finance mechanisms along the dimensions of sources of funding

## FOR INFORMATION

(granular split of public vs. private) and types of funding (granular split of donations vs. investments).

- Integration and advancement of existing GAVI IF projects in close collaboration with external consultants to ensure full transparency and comparability across them.
- Population of the strategic framework with 50+ initial ideas of new Innovative Finance mechanisms to identify potential synergies / combinations between them and to address “white spots” in the landscape. This initial long list of ideas stems not only from GAVI’s Innovative Finance team, but also from extensive research of existing materials on Innovative Finance, especially from the Leading Group as well as the High-Level Taskforce on Innovative Financing for Health Systems, in combination with more than 40 expert interviews leveraging both GAVI’s and McKinsey’s networks.

4.7.2 The assessment, prioritisation and development of the 2-3 most promising, near-term Innovative Finance mechanisms to be pursued by GAVI Innovative Finance in 2011 – while building a pipeline of other attractive mid-term efforts subject to organisational bandwidth. These mechanisms will assist in closing GAVI’s funding gap, diversifying sources of funding and creating long-term, sustainable and predictable cash flows of Innovative Finance funding as part of GAVI’s overall resource mobilisation efforts. A sequential series of filters to be used for prioritisation of new mechanisms throughout Phases I and II involve:

- Concept description and idea specification (e.g., elaborate value proposition to donors / investors / citizen-consumers).
- Initial sizing of the potential financial impact (e.g., size of addressable market, GAVI’s potential share, estimated timing of cash flows).
- Evaluation of feasibility (e.g., required skills and capabilities, complexity of stakeholders, analogues of previous success / failure stories of similar ideas).
- Assessment of fit with GAVI and associated risks (e.g., displacement of existing GAVI donor funding flows, organisational bandwidth, risk to GAVI’s brand).

4.7.3 The prioritisation of specific mechanisms will be refined through ongoing interactions with a series of topic-related experts and stakeholders throughout the process.

4.7.4 The codification of mechanisms and processes developed throughout the consultancy project into a blueprint for GAVI’s evolving

## FOR INFORMATION

organisational framework, outlining the underlying business processes, guidelines and milestones.

- 4.8 The GAVI Innovative Finance team, supported by McKinsey, is currently in the process of populating the framework with a long list of potential Innovative Finance ideas and has started initial assessments through the filtering criteria described above for several of them. The evolving landscape of ideas can already be clustered into two different donor approaches for GAVI:
- 4.8.1 GAVI-led ideas: GAVI's role, with partners, is to actively design and shape new ideas on Innovative Finance. These could reside in the sovereign space, but could equally be private or public-private partnerships. GAVI has to align all relevant partners and stakeholders in concept design, negotiations and finally bring the most attractive ideas to life.
- 4.8.2 Sovereign-led ideas: GAVI's role is to seed or catalyse potential tax- or debt-related ideas with sovereign donors (e.g., high-volume transactions taxes, new solidarity levies). While GAVI does not have the power to move any of these ideas forward independently, it should strategically position itself towards sovereign donors to be a primary recipient should they materialise. An additional output of this work stream will be a blueprint for GAVI of how to systematically and sustainably achieve this strategic positioning towards government donors going forward.
- 4.9 The annex to this paper contains brief descriptions of the 20 potential Innovative Finance mechanisms that remain under consideration as a result of the Phase I identification and initial prioritisation outlined above, as of 12 November 2010. There is clearly scope for ideas to be added to this list prior to the winnowing that will result in the selection of a subset of 3-5 high potential ideas that GAVI will further develop during Phase II into the 2-3 most promising near-term mechanisms for GAVI to pursue.

### 5. Next steps

Over the course of the next four months, the necessary steps to achieve GAVI's Innovative Finance goals include:

- 5.1 Seeking commitments from donors to substantially grow and enhance IFFIm, as described in section 4.4.
- 5.2 Working with governments, the World Bank, BMGF and others to ensure that GAVI is well-positioned to contribute to and benefit from initiatives of the Leading Group on Innovative Financing for Development.
- 5.3 Prioritisation and assessment of emerging new Innovative Finance mechanisms in accordance with the process outlined in point 4.7 to identify the 2-3 highest potential, near-term IF funding mechanisms for GAVI.

## FOR INFORMATION

- 5.4 Development of detailed business cases and feasibility studies, including the assessment of potential risks to GAVI for the resulting 2-3 top ideas.
- 5.5 Crafting of implementation plans for these top 2-3 ideas, including work plans, corresponding resources needed and critical milestones.
- 5.6 Mapping of a mid- and longer-term portfolio / pipeline of Innovative Finance ideas, along with a prioritisation plan and the underlying organisational processes to revisit and re-evaluate these lower priority ideas identified above.
- 5.7 Codifying Innovative Finance mechanism identification, prioritisation and output-management processes co-developed by GAVI Innovative Finance and McKinsey throughout the consultancy project.

## FOR INFORMATION

### ANNEX

This annex contains brief descriptions of 20 potential Innovative Finance mechanisms that remain under consideration as of 12 November 2010. These are the initially prioritised ideas from the long list which was built throughout the first weeks of the project, stemming not only from GAVI's Innovative Finance team, but also from extensive research of existing materials on Innovative Finance, especially from the Leading Group as well as the High-Level Taskforce, in combination with more than 40 expert interviews.

By completion of Phase I on 24 November 2010, this list will have been further assessed and detailed in order to prioritize the 3-5 highest potential, near-term ideas for GAVI, which may involve combining and redefining some of those. It must be stressed that this is a listing of ideas under consideration only, and that the Board will be kept informed as further refining of ideas leads to an implementation-ready short list.

### GAVI-led initiatives

#### 1. Donor-related ideas

##### **BMGF credit facility**

GAVI's projected average annual budget for 2012-15 is approximately US\$1.3 billion. Currently, GAVI's internal policy is to keep eight months of operating expenses in cash and liquid investments – this means that GAVI will have to keep an average of US\$867 million cash on hand for 2012-15. The Bill & Melinda Gates Foundation may be willing, under the right conditions, to extend a credit facility of approximately US\$300 million to GAVI. GAVI could replace US\$300 million of its cash holdings with this line of credit, allowing for a one-time release of US\$300 million in funds.

##### **Leveraging bilateral aid flows**

GAVI receives direct support from its donors in the form of multilateral aid. However, bilateral aid represents a much larger pool of funding – approximately 75% of all international aid flows. GAVI may be able to accept offers from donor countries to use some of their bilateral funds to support additional GAVI efforts, possibly through a World Bank trust fund. In order to access these funds, GAVI will have to make the case that partnering with GAVI – versus giving the money directly to recipient countries – represents a good value proposition for donors and GAVI countries alike, both in terms of efficiency and effectiveness.

At the same time, this idea poses three distinct challenges. First, GAVI must continue to uphold the principle of promoting equal access to immunisation services in all countries. Second, any mechanism must minimise administrative costs for all parties involved, principally the developing countries. Third, GAVI must ensure that any bilateral funding is truly incremental and not a substitute for traditional multilateral funding. It is conceivable that the first two objectives are achievable mechanistically, but

## FOR INFORMATION

the third would have to be addressed in part by a mechanism and in part politically.

### **Results-based financing (RBF)**

Results-based financing is the idea of asking donors to provide specific grants to GAVI that are conditional upon the achievement of certain targets (e.g., specific vaccine coverage rates). A donor would pay only if the recipient country reaches a pre-agreed milestone. Depending on how this idea is implemented, either the recipient country or GAVI, or a combination of the two, would bear the financial risk of non-performance. In theory, GAVI would draw new funding from governments, philanthropic organisations or private sector organisations that are attracted by specific RBF products.

The value proposition for donors is twofold: First, RBF is an opportunity to incentivise specific results, which may not be achieved otherwise. Second, RBF may provide additionality (“more money for health”) and efficiency (“more health for money”) simultaneously. On the other hand, GAVI would face two key risks in implementing this kind of RBF: the funds might displace traditional donations, and this could expose GAVI to the financial risks of underperformance.

## **2. New investment products**

### **Co-branding of funds**

GAVI lends its brand/cause to an asset manager (e.g., of an exchange-traded fund, mutual fund or hedge fund) in exchange for a share of management and/or performance fees. A model variation would have GAVI bringing “friendly” capital to the partnership (e.g., from a philanthropist, foundation, sovereign wealth fund) and thereby be able to negotiate better fees and/or benefit more from fund performance returns.

### **Vaccine endowment**

A named endowment created by a high net-worth individual or group of individuals. The endowment could provide a general annuity stream (e.g., a US\$4 billion endowment could generate over US\$250 million annually) or be regionally focused (e.g., covering ongoing costs for five specific South-East Asian countries). The balance of the endowment would be returned to the individual(s) after a fixed time period or after GAVI accomplishes its goals.

### **Graduation / pay-it-back bonds**

Countries, soon-to-be graduating from GAVI eligibility, pledge to begin contributing to GAVI five years after graduation. These pledges are packaged as an IFFIm-like mechanism, sold to investors and potentially also marketed to Diaspora communities.

### **Health results note**

A health results note is a results-based impact investment where a donor is willing to pay more for proven impact. Notes are sold to social impact investors who receive a payout only if specific development outcomes are

## FOR INFORMATION

achieved. Such a mechanism would potentially be structured in a manner similar to the Social Impact Bonds of the UK.

### **Leveraging passive money**

An investment product which caters specifically to the needs and conditions of foundations and other endowments considering programme-related or mission-based investments with their endowments. This would also likely target the large amount of assets currently held in donor-advised funds (e.g., Schwab, Fidelity, Vanguard, Calvert).

### **Millennium Development Goal (MDG) fund**

An emerging market investment fund that shares a proportion of its profits with GAVI. For example, the fund would have an Africa or healthcare sector focus. The fund could be established in partnership with an existing private equity player, a multilateral (e.g., IFC, ADB), and/or a sovereign wealth fund (e.g., China, Qatar).

### **Supply chain efficiency note**

Crafting a financial product where cash inflows go towards strategic interventions in the vaccine supply chain to squeeze out inefficiencies. A certain percentage of net efficiency gains would be redistributed to original investors. GAVI would be entitled to a share of the structure's performance above a pre-determined return to investors. Interventions could vary from the acquisition of key intellectual property, venture investments in new technologies or capacity, privatization of a "link" in the supply chain or a pay-for-results incentive.

## **3. Private sector partnerships**

### **Anchor partner**

A strategic partnership with multinational corporations serious about dramatically increasing their presence and market share in Africa (or another developing region) over the long term. Support for GAVI would come not only out of corporate social responsibility budgets but also from marketing / business development funds. The corporate partner would benefit from an association with GAVI's cause as well as access to key markets and partners through GAVI's vast and diverse in-country footprints.

### **Buy One, Get One**

When a consumer purchases a certain product, a corresponding donation would be made to GAVI by the corporate partner. Donations could be ten cents, one dollar, ten dollars or one vaccine shot, etc. The programme could be carried out with any product, but the highest potential categories would have an association with health or kids (e.g., baby products, flu vaccinations, cold medicines). This could potentially also be done with luxury and other high-ticket items.

## FOR INFORMATION

### **Cruise line voluntary solidarity contributions**

A voluntary solidarity contribution made by a large cruise company on a per passenger (e.g., 50 cents per night) basis or a voluntary opt-in/out contribution by passengers (e.g., US\$10 per stay).

### **Matching pledges (1+1+1)**

A sovereign initiates a pledge where it will listen to the voice of its constituencies and match every dollar contributed by a consumer and a corporate partner. For example, a cable TV company could choose to be the “cable partner” of a country’s “Giving Kids a Shot Programme.” For each of their customers who opts to make a voluntary US\$1 monthly contribution, the company would also contribute an additional US\$1, which would then be matched the following year by an incremental US\$1 contribution to GAVI by the government. An alternative matching mechanism could, for example, be: US\$0.50/US\$0.50/US\$1 or US\$1/US\$1/US\$5.

### **Enhancement-of-corporate-image partnership**

A strategic partnership with a multinational company that wants to improve its public image given recent high-profile event(s) (e.g., in the financial sector). This is an opportunistic intervention that could not only generate significant funds for GAVI but could also evolve into a lasting long-term relationship.

### **Telecom voluntary solidarity contributions**

A partnership with major mobile or fixed-line telecommunication companies where customers opt-in/out of a monthly contribution (e.g., embedded within the monthly billing process) to GAVI. The idea could apply to any business with a regular billing cycle (e.g., utilities, health insurance, pension contribution) – ideally with customers having to make only an initial, one-time opt-in/out decision. A variation of the mechanism might have mobile users donating unused minutes to GAVI.

### **Trading for health**

Banks donate a day’s (or several days’) worth of trading fees or profits (e.g., equities, FX) to GAVI. This could be done in partnership with a facilitating intermediary such as Bloomberg or Reuters. A related idea would have banks donating an amount corresponding to a percentage of their bonus pool (or of bonuses above a certain level) to GAVI.

## **Sovereign-led initiatives**

### **Debt for health swaps**

The Debt2Health model is an existing partnership, originally pioneered by the Global Fund to Fight AIDS, Tuberculosis and Malaria, among a multilateral institution, creditors and recipient countries. GAVI could adapt and advocate this idea of debt for health swaps to sovereign donors and could help to facilitate an agreement whereby creditors would forgo repayment of a proportion of their loan to a recipient country. In return, the recipient country would commit to co-finance a vaccination or health system strengthening

## FOR INFORMATION

project, which would then be executed by GAVI. The potential value of this sovereign-led initiative would depend on the willingness of donors to cancel debt and on the amount of debt that is available to be cancelled.

### **Government tax ideas**

There are a number of government taxation-related ideas that would create additional and reliable revenue streams for global health. One idea under consideration by Italy and others is the “de-tax.” This would combine two elements: governments would waive a percentage of VAT on goods and services sold by businesses that choose to participate, and businesses would provide voluntary contributions over and above the tax. Other ideas under consideration include taxes on international currency transactions (Tobin tax), diamonds, various commodities, luxury goods and various health-related taxes (sugar, salt, alcohol, cigarettes). Given the current fiscal environment that most donor governments face, it is unlikely that any of these ideas will come to fruition in the near term. However, GAVI is developing a strategy to position itself to be a preferred beneficiary of these potential revenue streams should they materialise in the future.

### **Regional trust fund led by middle income countries**

Establish a regional revolving trust fund to which middle income countries can contribute for the benefit of low income countries in their region. This would be modelled on the Pan American Health Organization (PAHO) Revolving Trust Fund for Vaccine Procurement in Latin America. Beyond vaccine procurement, this fund could also serve for health systems strengthening or immunisation awareness programmes.